

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2000-500

June 20, 2000

FRYEBURG WATER COMPANY  
Application for Approval of Issue  
of Securities (§ 902 & 1101) (\$349,000)

ORDER APPROVING ISSUE  
OF SECURITIES

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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On June 8, 2000 the Fryeburg Water Company filed with the Commission its application for authority to issue its participating trust mortgage bonds in a sum not to exceed \$349,000 through private placement (in 349 units of \$1,000 each), using Norway Savings Bank of Fryeburg, Maine, as escrow agent, at a rate not to exceed 8.50 percent per annum on the unpaid balance. Interest is payable semiannually. This Order approves the Company's request.

Principal will be repaid as follows. On August 1, 2000, the Norway Savings Bank will draw twelve units by lot from among the participants for each year of the loan. Each August 1<sup>st</sup>, beginning in the year 2001, the 12 units that were drawn for that year will be repaid. No more than one unit per participant will be paid in any anniversary year. All mortgage holders that remain after July 1, 2004, will be paid in full prior to July 1, 2005.

The Company requires these funds to refinance \$181,000 in present long-term indebtedness and to refinance demand debt now outstanding in the sum of \$168,000. Most of the demand debt was used for two capital projects. The first project established a new water source by drilling and installing a 170- foot gravel-packed well, thus permitting the Company to abandon its surface water source and avoid installing a filtration system. The Company also installed a back-up 180- foot gravel-packed well. This second well was tied into the distribution system to give the Company total water assurance without filtration requirements. The Company also purchased approximately five acres of land adjacent to its water source for source protection.

The Company also requires approval under 35-A, M.R.S.A. § 1101 for its granting of a mortgage of its entire plant including all real and personal property in connection with this debt issue.

Having reviewed the application of the Company, together with data filed in support of it, the Commission opines that the proceeds of the issuance of the bonds are required in good faith for the purposes enumerated in 35-A M.R.S.A. §901. In approving this securities issue, consistent with normal practice and pursuant to Section 902(4), the Commission does not imply approval of the Company's capital

needs or capitalization ratio for ratemaking purposes, nor does this Order limit or restrict the powers of the Commission in determining or fixing any rate.

Moreover, we caution the Company and its shareholders that the purchase of these bonds constitutes a loan to the Company and is subject to the requirements of 35-A M.R.S.A. §707 governing affiliated interests. Thus, if any shareholder owning 10% or more of the voting securities of the Company, or falling within the other categories set out in Section 707 (1)(A)(1-5), wishes to purchase a bond, the Company must get prior Commission approval.

Accordingly, we

### O R D E R

1. That the Fryeburg Water Company is hereby authorized to sell its bonds in a sum not to exceed \$349,000 through private placement (in 349 units of \$1,000 each), using Norway Savings Bank of Fryeburg, Maine, as escrow agent, at a rate not to exceed 8.50 percent per annum on the unpaid balance with interest payable semiannually, with principal payments as described in the body of this Order.

2. That the Company may issue a mortgage for its entire plant including all real and personal property to the purchasers of this security issue.

3. That the Company report to this Commission, in writing, its actions pursuant to this Order within sixty (60) days of the date of the issue of the proposed bonds, or by October 31, 2000 whichever may come first.

4. That the Administrative Director is hereby directed to mail an attested copy of this Order to interested parties and to close this Docket.

Dated at Augusta, Maine, this 20<sup>th</sup> day of June, 2000.

BY ORDER OF THE COMMISSION

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Dennis Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:

Welch  
Diamond  
Nugent



## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. ? 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. ? 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. ? 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.